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SUBJECT: WTO ACCESSION PROCESS HELPS DRIVE MODERNIZATION

¶1. (U) Summary: The process of preparing for WTO accession is helping to drive economic reform in Sudan. Although Sudan's WTO membership is stalled, economic reforms and trade liberalization continue, helping to encourage a more pragmatic approach to economic questions. End Summary.

WTO Accession Leads to Pragmatic Approach to Economy

¶2. (SBU) On August 17, Pol/Econ Officer met with Badr Eddin Sulieman, Sudan's Chief National Negotiator for WTO accession. Sulieman provided an overview of the changes in the Sudanese economy as efforts are made to bring Sudan into the WTO. He believes that there has been a gradual weakening of ideological positions and a growth of a more pragmatic approach to the economy and attributes this in part to the internal process surrounding WTO accession.

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Banking and Telecommunications Sectors Opening

¶3. (SBU) Sulieman underlined that certain sectors, notably banking and telecommunications had seen substantial change, with private market openings and increased global ties. In banking, Sulieman said, the reform process has culminated in the licensing of four new foreign banks with share capital exceeding all previously existing banks. The new banks bring an international outlook that changes the business environment in Sudan. In the telecommunications area, Sulieman said that Sudan has seen unprecedented reform. The sector has moved from an absolute government monopoly a decade ago to being almost fully privatized. Three of the four companies in the sector are private, and the fourth, Sudatel, is a joint venture with a government majority shareholding. Total investment in the sector exceeds USD 2.6 billion. Telecommunications companies play a leading role in the Sudan Stock Market.

WTO Bilaterals Pinpoint Areas for Econ Policy Reform

¶4. (SBU) While Sudan continues to grapple with the problems of implementing the Comprehensive Peace Agreement (CPA) and the Darfur Peace Agreement (DFA), internal work has quietly continued on WTO accession. Bilateral consultations were last held in 2005, and the accession process effectively is on hold. However, Sulieman noted that there have been significant changes in Sudan's economy in recent years. He noted that in the bilaterals, 580 questions had been submitted to Sudan, most of them from the United States. Sulieman said these questions had been very helpful, and had assisted in the formulation of economic reforms.

CPA, DPA Cited as Reform Agents; SPLM Supports

15. (SBU) Sulieman related how he had made a presentation to the Council of Ministers on August 6, detailing Sudan's track record on WTO accession in 2005 and early 2006. He received permission to conduct the presentation in English (the Council of Ministers normally conducts business in Arabic). Sulieman said that the SPLM members of the council applauded when he stated that the recent peace accords, (CPA and DPA), "would inspire a redefinition of Sudan and a reinvention of a new Republic; united in diversity and decentralized governance" and "...the prospects for Sudan integrating into the world economy have never looked better."

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